

Davidson, Florene, EMNRD

From: Ernest Padilla <epadillaplf@qwestoffice.net>
Sent: Thursday, January 02, 2014 4:24 PM
To: Davidson, Florene, EMNRD
Cc: Michael Feldewert
Subject: FW: Chevron/Endurance Trade-T25S, R35E-Lea County, New Mexico
Attachments: JAZZBASSTRADE.pptx; Chevron-Endurance Trade Numbers.docx; Jazz_Bass_AFE-11-19-2013.xlsx; Coranado_AFE_-11-19-2013.xlsx; Starcaster_AFE_-11-19-2013.xlsx; Walk_Around_Book-chevron.pptx; Re: Followup and Wed/Thursday this week

Case 15074

Ms. Davidson:

I am forwarding an email that I sent to Mike Feldewert after he noted to me that I did not send him the "first email." Please include it as part of my initial email to Mr. Feldewert.

Ernest L. Padilla
PADILLA LAW FIRM, P.A.
P.O. Box 2523
Santa Fe, New Mexico 87504-2523
T: 505-988-7577
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From: Ernest Padilla [mailto:epadillaplf@qwestoffice.net]
Sent: Thursday, January 02, 2014 1:09 PM
To: Michael Feldewert (MFeldewert@hollandhart.com)
Subject: FW: Chevron/Endurance Trade-T25S, R35E-Lea County, New Mexico

Mike:

I do not know what happened earlier. Let me know if you still do not receive this email.

Ernest L. Padilla
PADILLA LAW FIRM, P.A.
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From: Jason South [mailto:jason@enduranceresourcesllc.com]
Sent: Thursday, January 02, 2014 9:49 AM
To: Ernest Padilla
Cc: Don Ritter - AOL; Manny Sirgo
Subject: FW: Chevron/Endurance Trade-T25S, R35E-Lea County, New Mexico

Ernie,

Per your email, below is the email we sent to Chevron on 11-27. I have highlighted the Section 18 info and the Starcaster AFE that we presented at the meeting was attached in the below email. We met with Ken Schwartz and Jason Levine from Chevron.

I have also included on this email the slide show (walk around book) we presented to Chevron on 11/20. As you can see, slides 19-29 are dealing with our discussion with Chevron on Section 18 and the drilling direction of their proposed well.

I also attached an email reply from Ken to Don when Don tried to meet with them in early December.

Please let me know if you need any additional information.

Thanks,

Jason

Jason South, CPL
Landman
Endurance Resources
Work: (432) 242-4683
Cell: (432) 210-1368

From: Jason South
Sent: Wednesday, November 27, 2013 10:10 AM
To: 'Ken.Schwartz@chevron.com'; 'JLevine@chevron.com'
Cc: Don Ritter
Subject: Chevron/Endurance Trade-T25S, R35E-Lea County, New Mexico

Ken and Jason,

Per our meeting from last week, please find attached a slide showing the proposed trade acreage as well as an attachment showing the acreage calculations. Below is a quick summary of the proposed trade Endurance Properties, Inc. ("Endurance") made to Chevron U.S.A. Inc. ("Chevron") at our meeting last week:

- 1) Endurance would convey 40% WI in Section 34 to Chevron
- 2) Chevron would convey 60% WI in the colored sections that Chevron owns an interest in on the attached slide to Endurance (or 60% proportionately reduced based on Chevron's ownership in each respective section)
- 3) Endurance would serve as operator of all of the acreage involved in the trade
- 4) Endurance would carry Chevron through the well in its Jazz Bass well located in Section 34 and said well will be drilled mid-2014. The cost through the well is roughly \$6.3 million with the carry being around \$2.52 million
- 5) Endurance would drill a 7,500' lateral well with a SL in the NW/4 of Section 26 and a BHL in the NW/4 of Section 35 in the 3rd quarter of 2014 in order to HBP two of Chevron's leases that are set to expire in 2014

I have also attached an AFE for your reference for the following wells:

- 1) Jazz Bass well located in Section 34, T25S, R35E, Lea County, NM
- 2) Coronado well located in Sections 26 & 35, T25S, R35E, Lea County, NM
- 3) Starcaster well located in Section 18, T23S, R34E, Lea County, NM.

Thank you very much for meeting with us last week. We look forward to hearing back from you on the proposed trade as well as our discussion on Section 18. If you have any questions or need any additional information, please don't hesitate in contacting me. I hope you both have a great Thanksgiving.

Thanks again,

Jason

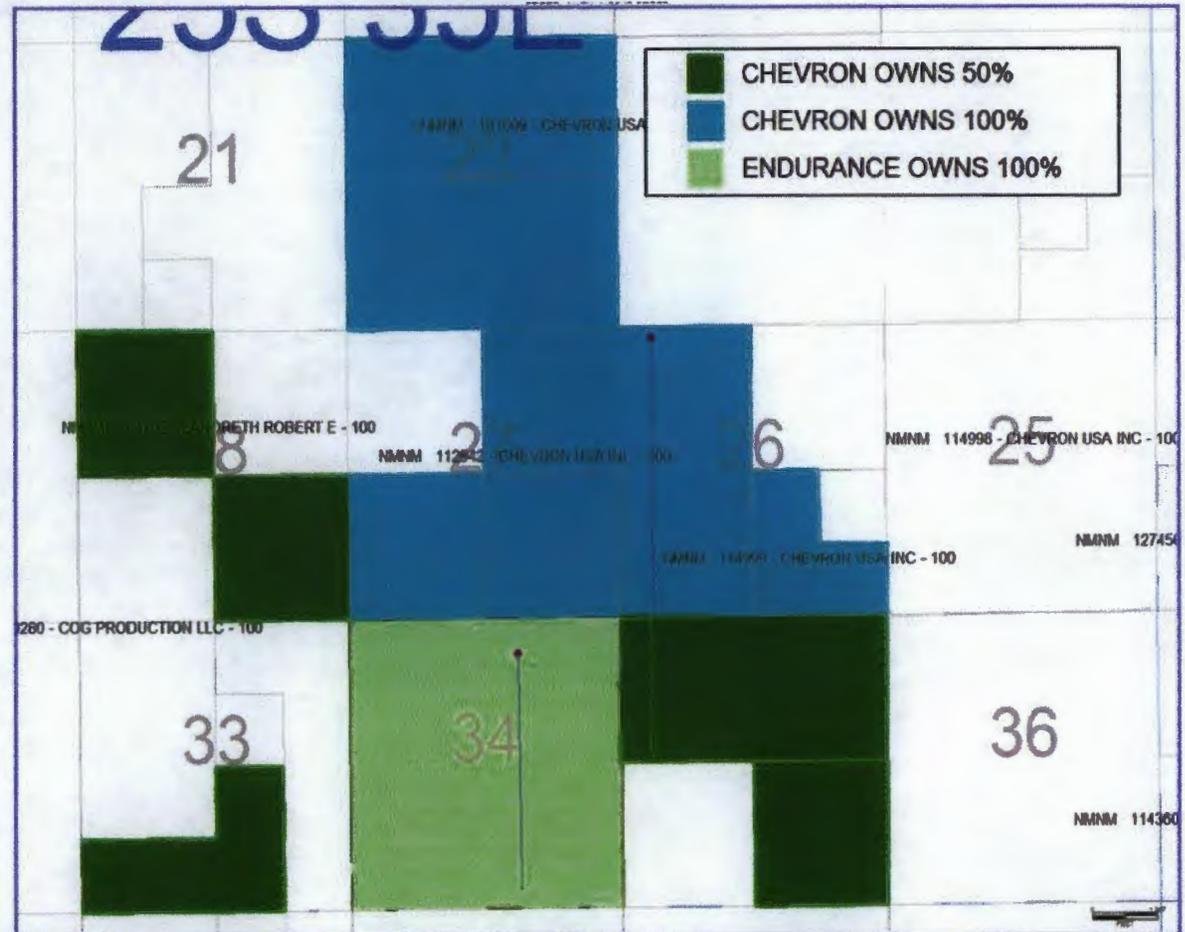
Jason South, CPL
Senior Landman
Endurance Resources
Work: (432) 242-4683
Cell: (432) 210-1368



Jazz Bass Area Trade

Proposed Trade with Chevron:

- 60% Endurance/40% Chevron across with Endurance serving as operator
- Endurance will carry Chevron's 40% through its Jazz Bass well located in Section 34
- Endurance will drill a 7,500' lateral well to HBP two expiring Chevron leases
- Acreage value to Chevron \$2600/nma



Chevron/Endurance Deal

- 1) Jazz Base Section 34 (Endurance 100%)
 - $640 * .4 = 256$ nma to Chevron
- 2) Chevron Blue acreage (100%)
 - $1,560 \text{ nma} * .6 = 936$ nma to Endurance
- 3) Chevron Green acreage (50%)
 - $960/2 = 480$ nma
 - $480 * .6 = 288$ nma to Endurance
- 4) $1,224$ (nma to Endurance) – 256 (nma to Chevron) = 968 nma gain to Endurance
- 5) Carry Chevron on Jazz Base well through the well
 - $6.3 \text{ million} * .40 = 2.52$ million carry
- 6) $2.52 \text{ million} / 968 \text{ nma} = \$2,603$ per nma

Endurance Resources LLC

**Authority for Expenditure
Permian Basin Form**

Date: Nov-19-2013
AFE Number: 34-H-0001

Lease: Jazz Bass
Well No.: _____
Purpose: D&C -2nd Bone Spring Horizontal
Operation: Drill lateral through perviously set 9 5/8" csg.
Complete using plug & perf method
Run & Frac Down 5 1/2" 20# Buttress

County/State: LEA CO NM
Sec-Tr-Rg: 34-25S-35E
Surf, Location: _____
BHL _____
Est. TVD _____
Est TMD _____

Capital Cost:

	amount:	unit	unit cost	cost / unit	Dry Hole Costs	Completion Costs	Total Completed
Casing Surface	0	ft	\$0.00	\$/ft	\$0.00	\$0.00	\$0.00
Casing (5 1/2-P110-20#) BTC	16500	ft	\$26.00	\$/ft	\$429,000.00	\$0.00	\$429,000.00
Lateral Liner	0	ft	\$15.00	\$/ft	\$0.00	\$0.00	\$0.00
Liner Hangar + 5-1/2 Tie-Back	0	assem	\$98,919.00	\$/assem		\$0.00	\$0.00
Casing Heads	1	ea	\$8,500.00	\$/ea		\$8,500.00	\$8,500.00
Wellhead w/ Valves & Fittings	1	ea	\$10,000.00	\$/ea		\$10,000.00	\$10,000.00
Tubing 2 7/8" J-55	12200	ft	\$5.03	\$/ft		\$61,366.00	\$61,366.00
Tubing Anchor	1	ea	\$850.00	\$/ea		\$850.00	\$850.00
Sucker Rods	1	ft	\$48,000.00	\$/ft		\$48,000.00	\$48,000.00
Subsurface Pump	1	ea	\$7,500.00	\$/ea		\$7,500.00	\$7,500.00
Pumping Unit	1	ea	\$108,000	\$/ea		\$108,000.00	\$108,000.00
Gas Flowline	1000	ft	\$6.50	\$/ft		\$6,500.00	\$6,500.00
Tank Battery	1	ea	\$570,000.00	\$/ea		\$570,000.00	\$570,000.00
Gas Meter Run	1	ea	\$10,000.00	\$/ea		\$10,000.00	\$10,000.00
Electric Service Install	1	ea	\$100,000.00	\$/ea		\$100,000.00	\$100,000.00
Elec Panel & motor	1	ea	\$15,000.00	\$/ea		\$15,000.00	\$15,000.00
Misc. Materials(incl Whipstock)	1		\$90,000.00	\$/ea		\$90,000.00	\$90,000.00
Sales Tax @ 5.25%	1		5.25%		\$22,522.50	\$54,375.09	\$76,897.59

Total Capital Cost > **\$451,522.50** **\$1,090,091.09** **\$1,541,613.59**

Intangible Cost:

	amount:	unit	unit cost	cost / unit	Dry Hole Costs	Completion Costs	Total Completed
Survey Location	1	ea	\$6,000.00	\$/ea	\$6,000.00		\$6,000.00
Surface Damages	1	ea	\$6,000.00	\$/ea	\$6,000.00		\$6,000.00
Caliche	1		\$10,000.00		\$10,000.00		\$10,000.00
Build Location / Road/ Frac Pit	1	ea	\$85,000.00	\$/ea	\$85,000.00		\$85,000.00
Pit Liner/Pit Fence/Frac Pond	0	ea	\$200,000.00	\$/ea	\$0.00		\$0.00
Mouse/Rat Hole/cellar + Conductor	1	ea	\$10,000.00	\$/ea	\$10,000.00		\$10,000.00
Bit - Surface Hole	0	ea	\$0.00	\$/ea	\$0.00		\$0.00
Casing Crews-Surface	0	ea	\$0.00	\$/ea	\$0.00		\$0.00
Cement Surf Casing(w/float equip)	0	ea	\$0.00	\$/ea	\$0.00		\$0.00
Drilling Fluids	1	ea	\$60,000.00	\$/ea	\$60,000.00		\$60,000.00
Water -Drilling(Fresh & Brine)	8000	bbf(s)	\$2.85	\$/bbf	\$22,800.00		\$22,800.00
Closed Loop System	15	days	\$3,500.00	\$/day	\$52,500.00		\$52,500.00
Bits- Production Vertical Hole	0	ea	\$0.00	\$/ea	\$0.00		\$0.00
Bits + Mills (Window & Lateral Hole)	8	ea	\$7,500.00	\$/ea	\$60,000.00		\$60,000.00
Mud Logging(2 man)	12	day(s)	\$2,500.00	\$/day	\$30,000.00		\$30,000.00
Open Hole Log-Intermediate Section	0	ea	\$0.00	\$/ea	\$0.00		\$0.00
Open Hole Log-Deep Section	0	ea	\$0.00	\$/ea	\$0.00		\$0.00
Sidewall Coring Minimum Setup Charge	0	ea	\$0.00	\$/ea	\$0.00		\$0.00
DST	0	ea	\$0.00	\$/ea	\$0.00		\$0.00
Rig Mobilization (truckng + rig day rate)	1	ea	\$275,000.00	\$/ea	\$275,000.00		\$275,000.00
Drilling Daywork-w/Top Drive	13	day(s)	\$22,500.00	\$/day	\$292,500.00		\$292,500.00
Drilling Fuel	13	day(s)	\$3,500.00	\$/day	\$45,500.00		\$45,500.00
Misc Surface Rental Tools & Equipment	13	day(s)	\$3,500.00	\$/day	\$45,500.00		\$45,500.00
Lateral Drill Pipe Rental	13	day(s)	\$1,200.00	\$/day	\$15,600.00		\$15,600.00
Directional Drillers	12	day(s)	\$11,000.00	\$/day	\$132,000.00		\$132,000.00
Wellsite Consulting-Drilling + Camp	15	day(s)	\$2,800.00	\$/day	\$42,000.00		\$42,000.00
Operator Overhead	0	ea	\$0.00	\$/ea	\$0.00		\$0.00
Casing Crews-Intermediate	0	ea	\$0.00	\$/ea	\$0.00		\$0.00
Cement Intermediate Casing(w/float equip)	0	ea	\$0.00	\$/ea	\$0.00		\$0.00
Pre-Spud Wellbore Prep	1	ea	\$267,339.00	\$/ea	\$267,339.00		\$267,339.00
Cement Lateral Curve Casing(w/float equip)	0	ea	\$45,000.00	\$/ea	\$0.00		\$0.00
Trucking - Production Casing	0	loads	\$10,000.00	\$/load		\$0.00	\$0.00
Casing Crews-Production	1	ea	\$9,000.00	\$/ea		\$9,000.00	\$9,000.00
Cement Prod. Csg(w/float equip)	1	ea	\$260,000.00	\$/ea		\$260,000.00	\$260,000.00
Anchors	1	set	\$5,000.00	\$/set		\$5,000.00	\$5,000.00
Pulling Unit	7	day(s)	\$5,000.00	\$/day		\$35,000.00	\$35,000.00
BOP Rental	7	min	\$800.00	\$/min		\$5,600.00	\$5,600.00
Roustabout / Welder	1	day(s)	\$100,000.00	\$/day		\$100,000.00	\$100,000.00
Cased Hole Wireline-Gyro	1	ea	\$15,000.00	\$/ea		\$15,000.00	\$15,000.00
Perforating w/ Cased Hole Log	1	ea	\$85,000.00	\$/ea		\$85,000.00	\$85,000.00
Composite Plugs RBP Packers	1	ea	\$65,000.00	\$/ea		\$65,000.00	\$65,000.00
Stimulation - Acid.	0	ea	\$14,000.00	\$/ea		\$0.00	\$0.00
Rental Surface Equip.(Frac Tanks)	8	4 dymin	\$750.00	\$/min		\$6,000.00	\$6,000.00
Frac Tank Trucking	1	ea	\$6,000.00	\$/ea		\$6,000.00	\$6,000.00
Water -Stimulation	100000	bbf(s)	\$2.75	\$/bbf		\$275,000.00	\$275,000.00
Trucking - Stim Water	0	hrs	\$0.00	\$/hr		\$0.00	\$0.00
Stimulation -Frac and Acid (11) stages	1	ea	\$2,500,000.00	\$/ea		\$2,500,000.00	\$2,500,000.00
Rental 3 1/2" Frac String	0	day(s)	\$0.00	\$/day		\$0.00	\$0.00
Coiled Tubing Services	1	ea	\$110,000.00	\$/ea		\$110,000.00	\$110,000.00
Surface Rental Tools & Equipment	8	day(s)	\$2,500.00	\$/day		\$20,000.00	\$20,000.00
Misc Trucking & Hauling	1	ea	\$25,000.00	\$/ea		\$25,000.00	\$25,000.00
Flowback/manifold/plug catcher	30	day(s)	\$2,100.00	\$/day		\$63,000.00	\$63,000.00
Wellsite Consulting-Completion	3	day(s)	\$800.00	\$/day		\$2,400.00	\$2,400.00
Contingencies @ 10 %	0		10%		\$119,040.00	\$358,700.00	\$477,740.00
Sales Tax @ 5.25%	1		5.25%		\$86,722.85	\$207,149.25	\$289,930.15

Total Intangible Cost > **\$1,663,502** **\$4,152,849** **\$5,812,409.15**

Total Project Cost > **\$2,115,024** **\$5,242,940** **\$7,354,023**

Dry Hole Costs	Completion Costs	Total Completed
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Operator WI: _____

Operator Approval: Endurance Resources LLC

Operator's Share: \$0.00

By: _____
Title: _____
Date: _____

Partner WI: 0.00%

Partner Approval: _____

Partner's Share: \$0.00

By: _____
Title: _____
Date: _____

Endurance Resources LLC

**Authority for Expenditure
Permian Basin Form**

Date: Nov-19-2013
AFE Number: _____

Lease: Starcaster
Well No.: _____
Purpose: Drill 2rd Bone Spring Horizontal
Operation: Drill 2rd Bone Spring Horizontal &
Frac in 11stages

County/State: Lea/NM
Tn. Rg. Sec.: T23S-R34E Dec. 30
Location: _____
Rig: _____

Capital Cost:

	amount:	unit	unit cost	cost / unit	Dry Hole Costs	Completion Costs	Total Completed
Casing Surface (13-3/8" 54.5#)	1250	ft	\$34.61	\$/ft	\$43,262.50	\$0.00	\$43,262.50
Casing Intermediate (9-5/8" 40#)	5100	ft	\$26.85	\$/ft	\$136,935.00	\$0.00	\$136,935.00
Production Casing (5.5" 20#)	14900	ft	\$17.60	\$/ft	\$262,240.00	\$0.00	\$262,240.00
Permanent Lateral Assembly	0	assem	\$0.00	\$/assem		\$0.00	\$0.00
Casing Heads	1	ea	\$30,000.00	\$/ea		\$30,000.00	\$30,000.00
Wellhead w/ Valves & Fittings	0	ea	\$0.00	\$/ea		\$0.00	\$0.00
Tubing 2 7/8" 6.0# L-80	11100	ft	\$5.03	\$/ft		\$55,833.00	\$55,833.00
Tubing Anchor	1	ea	\$1,100.00	\$/ea		\$1,100.00	\$1,100.00
Sucker Rods	1	ft	\$48,000.00	\$/ft		\$48,000.00	\$48,000.00
Subsurface Pump	1	ea	\$7,500.00	\$/ea		\$7,500.00	\$7,500.00
Pumping Unit	1	ea	\$110,000	\$/ea		\$110,000.00	\$110,000.00
Flowline	3500	ft	\$13.00	\$/ft		\$45,500.00	\$45,500.00
Tank Battery	1	ea	\$552,154.00	\$/ea		\$552,154.00	\$552,154.00
Gas Meter Run	1	ea	\$10,000.00	\$/ea		\$10,000.00	\$10,000.00
Electric Service Install	1	ea	\$15,000.00	\$/ea		\$15,000.00	\$15,000.00
Elec Panel & motor	1	ea	\$15,000.00	\$/ea		\$15,000.00	\$15,000.00
Misc. Materials	1		\$10,000.00	\$/ea		\$10,000.00	\$10,000.00
Sales Tax @ 8.5%	1		8.50%		\$37,607.19	\$76,507.40	\$114,114.58

Total Capital Cost > **\$480,044.69** **\$976,594.40** **\$1,456,639.08**

Intangible Cost:

	amount:	unit	unit cost	cost / unit	Dry Hole Costs	Completion Costs	Total Completed
Survey Location	1	ea	\$6,000.00	\$/ea	\$6,000.00		\$6,000.00
Surface Damages	1	ea	\$6,500.00	\$/ea	\$6,500.00		\$6,500.00
Caliche	0		\$0.00		\$0.00		\$0.00
Build Location / Road	1	ea	\$90,000.00	\$/ea	\$90,000.00		\$90,000.00
Pit Liner/Pit Fence	0	ea	\$0.00	\$/ea	\$0.00		\$0.00
Mouse/Rat Hole + Conductor	1	ea	\$50,000.00	\$/ea	\$50,000.00		\$50,000.00
Bit -(17.5"/12.25") Surface/Intermediate Hole	2	ea	\$12,000.00	\$/ea	\$24,000.00		\$24,000.00
Casing Crews-Surface	1	ea	\$7,000.00	\$/ea	\$7,000.00		\$7,000.00
Cement Surf Casing(w/float equip)	1	ea	\$50,000.00	\$/ea	\$50,000.00		\$50,000.00
Drilling Fluids	1	ea	\$90,000.00	\$/ea	\$90,000.00		\$90,000.00
Water -Drilling(Fresh & Brine)	1	bbl(s)	\$70,000.00	\$/bbl	\$70,000.00		\$70,000.00
Trucking - Surface Casing	0	loads	\$0.00	\$/load	\$0.00		\$0.00
Bits-(8.75") Production Vertical Hole	2	ea	\$12,000.00	\$/ea	\$24,000.00		\$24,000.00
Bits-(8.75") Lateral Hole	2	ea	\$12,000.00	\$/ea	\$24,000.00		\$24,000.00
Mud Logging(2 man)	10	day(s)	\$1,710.00	\$/day	\$17,100.00		\$17,100.00
Open Hole Log-Intermediate Section	0	ea	\$0.00	\$/ea	\$0.00		\$0.00
Open Hole Log-Deep Section	1	ea	\$20,000.00	\$/ea	\$20,000.00		\$20,000.00
Sidewall Coring Minimum Setup Charge	0	ea	\$0.00	\$/ea	\$0.00		\$0.00
DST	0	ea	\$0.00	\$/ea	\$0.00		\$0.00
Rig Mobilization	1	ea	\$125,000.00	\$/ea	\$125,000.00		\$125,000.00
Drilling Daywork + Top Drive	25	day(s)	\$19,000.00	\$/day	\$475,000.00		\$475,000.00
Drilling Fuel	1	day(s)	\$140,000.00	\$/day	\$140,000.00		\$140,000.00
Rotary Steerable	0	day(s)	\$0.00	\$/day	\$0.00		\$0.00
Directional tools for Curve	1	day(s)	\$200,000.00	\$/day	\$200,000.00		\$200,000.00
Wellsite Consulting-Drilling	28	day(s)	\$2,200.00	\$/day	\$61,600.00		\$61,600.00
Operator Overhead	1	ea	\$9,000.00	\$/ea	\$9,000.00		\$9,000.00
Casing Crews-Intermediate	1	ea	\$7,000.00	\$/ea	\$7,000.00		\$7,000.00
Cement Intermediate Casing(w/float equip)	1	ea	\$210,000.00	\$/ea	\$210,000.00		\$210,000.00
Cement for Plugging	0	ea	\$0.00	\$/ea	\$0.00		\$0.00
Cement Lateral Curve Casing(w/float equip)	0	ea	\$0.00	\$/ea	\$0.00		\$0.00
Trucking - Production Casing	0	loads	\$0.00	\$/load		\$0.00	\$0.00
Casing Crews-Production	1	ea	\$18,000.00	\$/ea		\$18,000.00	\$18,000.00
Cement Prod. Csng(w/float equip)	1	ea	\$160,000.00	\$/ea		\$160,000.00	\$160,000.00
Anchors	1	set	\$5,000.00	\$/set		\$5,000.00	\$5,000.00
Pulling Unit	7	day(s)	\$4,500.00	\$/day		\$31,500.00	\$31,500.00
BOP Rental	7	min	\$800.00	\$/min		\$5,600.00	\$5,600.00
Roustabout / Welder	16	day(s)	\$6,600.00	\$/day		\$105,600.00	\$105,600.00
Cased Hole Log-Bond + GRN	1	ea	\$20,000.00	\$/ea		\$20,000.00	\$20,000.00
Perforating w/ Cased Hole Log	1	ea	\$85,000.00	\$/ea		\$85,000.00	\$85,000.00
Composite Plugs RBP Packers	1	ea	\$65,000.00	\$/ea		\$65,000.00	\$65,000.00
Stimulation - Acid.	1	ea	\$15,000.00	\$/ea		\$15,000.00	\$15,000.00
Rental Surface Equip.	1	4 dymin	\$120,000.00	\$/min		\$120,000.00	\$120,000.00
Frac Tank Trucking	8	ea	\$1,100.00	\$/ea		\$8,800.00	\$8,800.00
Water -Stimulation	100000	bbl(s)	\$2.15	\$/bbl		\$215,000.00	\$215,000.00
Trucking - Stim Water	0	hrs	\$0.00	\$/hr		\$0.00	\$0.00
Stimulation -Frac 11 stages	1	ea	\$2,400,000.00	\$/ea		\$2,400,000.00	\$2,400,000.00
Rental 4.5" DP + DH Motors & S	25	day(s)	\$4,000.00	\$/day		\$100,000.00	\$100,000.00
Wellsite Consulting-Completion	3	day(s)	\$1,100.00	\$/day		\$3,300.00	\$3,300.00
Contingencies @ 10 %	1		10%		\$148,920.00	\$335,780.00	\$484,700.00
Sales Tax @ 8.5%	1		8.50%		\$1,576.85	\$3,139.54	\$4,716.40

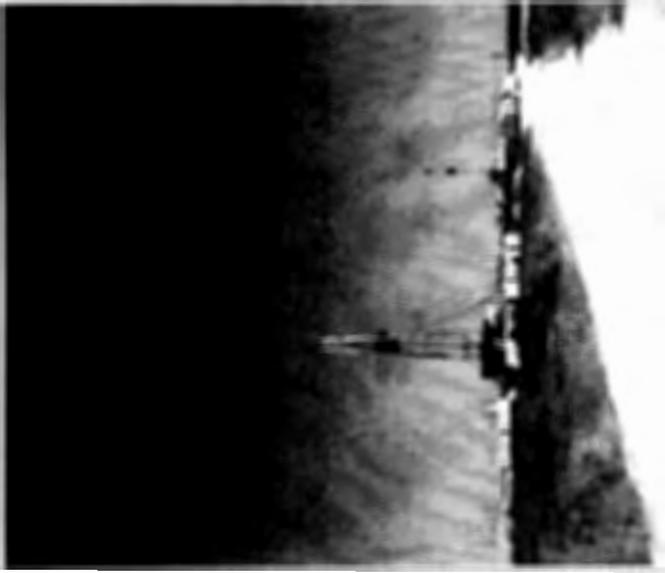
Total Intangible Cost > **\$1,856,697** **\$3,696,720** **\$5,553,416.40**

Total Project Cost > **\$2,336,742** **\$4,673,314** **\$7,010,055**

Dry Hole Costs	Completion Costs	Total Completed
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Endurance Resources

Chevron Discussion
November 2013



Today's Agenda

Introduction to Endurance

Joint Development opportunities – T25S R-35E “Jazz Bass”

Discussion of Bell Lake Proposal

Discussion of other Development opportunities

Delaware Basin Horizontal Pure Play

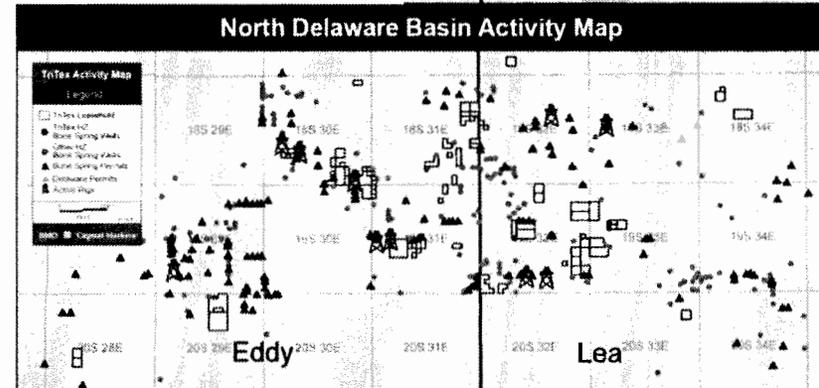
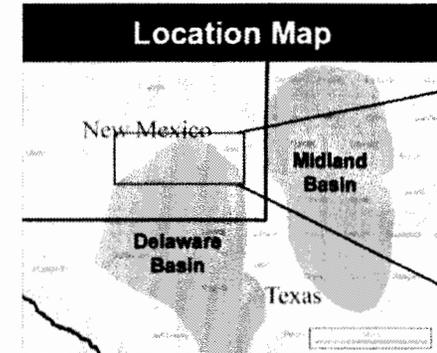
- **Endurance Resources is a Limerock Partners backed E and P company operating in the Delaware basin of SouthWest New Mexico and Texas. We currently have 17,000 net acres (98% HBP) in Eddy and Lea Counties New Mexico where significant horizontal Bone Spring development has proven to be highly prospective by the large public companies Concho, Devon, and Cimarex.**
- **Following the recent \$100MM equity commitment from Limerock and the establishment of a \$150MM senior Debt facility with Union Bank, Endurance has participated in 4 Non-operated Bone Spring wells and 5 Operated bone spring wells in 2013. Production is ramping from 400 BOED to over 2500 BOED(projected 12/2013).**
- **The company has significantly expanded its technical and operational team with experienced Delaware basin professionals. We project a capital budget of 75MM for 2014 with 10 operated wells and 4-6 non operated projects. Results to date on operated wells show projected EUR,s Irr's and initial production rates in the top quartile as compared to public company published results.**
- **We are interested in acquiring additional acreage in the play thru a combination of leasing, JV opportunities with existing players and outright acquisition of smaller companies with Bone Spring and Delaware drilling potential in both New Mexico and Texas.**

Management Overview

- **Donald G. Ritter - CEO**
 - 32 year engineering oriented career, 19 with Mobil, with a focus on drilling and international management followed by 7 years as a key principal in development of Geomechanics International and subsequent sale to Baker Hughes. Degreed petroleum engineer and MBA
- **M. Garrett Smith - CFO**
 - 13 year financially oriented career with MESA/Pioneer Natural Resources as CFO and other previous positions followed by 7 years as a general partner responsible for the development and success of BP Capital and Spinnerhawk energy hedge funds. Degreed electrical engineer and MBA
- **Manny Sirgo – VP Operations**
 - An 30 year career as a engineering, operations and business development principal at several Permian Basin companies. Degreed petroleum engineer.
- **Randall Harris – VP Exploration**
 - Brings nearly 40 years of geological and exploration experience across the Permian Basin. He spent 22 years as Exploration Manager of Ray Westall Operating and joined Endurance with the acquisition of the assets of his former employer. Degreed Geologist

Existing Asset Base

- **17,000 net acres in the core part of the Northern Delaware Basin**
 - Over 200 CGA engineered, drilling locations, including 131 horizontal Bone Spring locations
 - Significant unbooked behind-pipe opportunities as well
- **Jan 2013 Cawley Gillespie Reserve Report:**
 - Net reserves: 1.3 MMBoe PDP, 4.0 MMBoe proved, and 25 MMBoe 3P (83% liquids)
 - PV10: of \$32 MM PDP, \$71 MM 1P, and \$320 MM 3P (at strip as of the RR date)
- **2012 production was 68% oil and 82% liquids; 94% of revenue was derived from liquids**
- **Future drilling primarily targeting the first, second, and third Bone Spring sands; additional potential in Avalon Shale and Delaware Sands in certain areas**

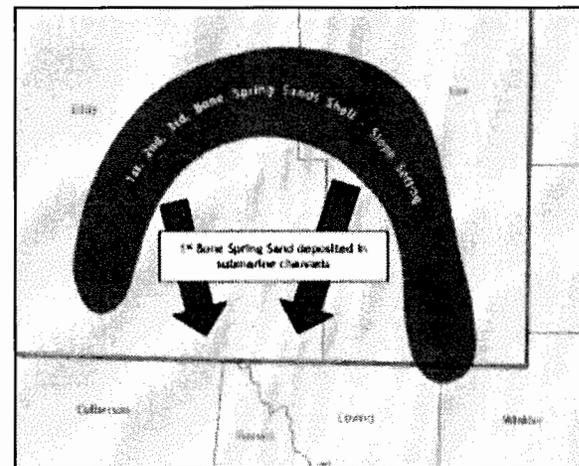
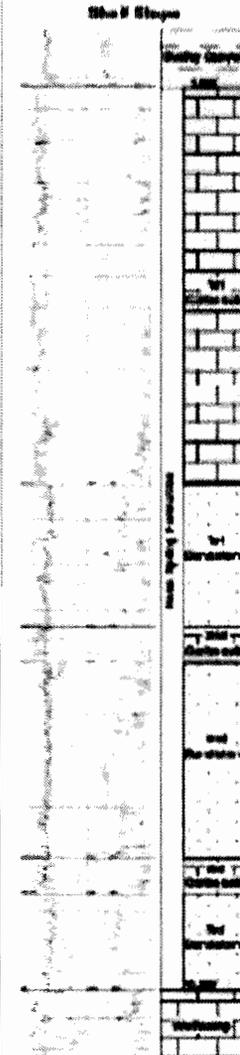


TriTex Acreage Summary			
	Gross Acres	Net Acres	% of Total Net Acres
All Leasehold by State ¹			
New Mexico	19,539	15,244	95%
Texas	750	750	5%
Acreage Total	20,290	15,994	100%
Memo: New Mexico Only			
	Gross Acres	Net Acres	% of NM Net Acres
Net Acreage by Reservoir ²			
Bone Spring	12,124	8,233	54%
Delaware	13,879	10,047	66%

Bone Spring Play

- **Three distinct members – 1st Bone Spring, 2nd Bone Spring, and 3rd Bone Spring in varying stratigraphy across the Delaware Basin**
- **Thick sequence of sedimentation with interbedded sandstones and limestones**
- **Net thickness: 150-300 ft per member**
- **Completions: Lateral lengths average ~4,000 ft at TVD of 8,000-9,000 ft and 8-10 stage fracs**
 - Well performance has increased over time as operators have utilized more aggressive completions
- **Recent industry results**
 - Cimarex – Average EUR ~650 Mboe, 30 day IP's 600 Boe/d, D&C cost \$5.8-\$6.5 million, ~85% oil
 - Concho – EUR 400-700 Mboe, D&C cost \$5.0-7.0 million, ~50% IRRs, 83% oil
 - Devon – EUR 400-600 Mboe, 30 day IP's 580 Boe/d, D&C cost \$5.0-\$8.0 million

PERIOD	SERIES	DELAWARE BASIN FORMATION
QUATERNARY		ALLOVIUM
CRETACEOUS	GEI FIAN	
	COMAN-CHIAN	FREDERICKSBURG
		TRINITY SD.
UPPER	SANTA ROSA	
PERMIAN	OCHOAN	DEVIL LAKE
		RUSTLER
		VALDO
		CASTLE
	GUADALUPEAN	DE SANDS
		BELL CANYON
		CHERRY CANYON
	LEONARDIAN	BRUSHY CANYON
		1 st BONE SPRING
		2 nd BONE SPRING
WOLF CAMP	UPPER AVALON SH.	
	LOWER AVALON SH.	
	1 ST BONE SPRING SD.	
	3 rd BONE SPRING	
	WOLF CAMP	
	WOLF CAMP	
MISSOURIAN	VIRGIL	
	MISSOURI	
	DES MOINES	
	ATOKA	
	MORROW	



Endurance 2013 Results

2013 Development Plan	Operator	30 Day IP	Capital	Est -EUR	IRR
Meridian 2H	Manzano	550 BOE	5.7MM	380+	40+
Sharps 3H	Mewbourne	500 BOE	4.2MM	340+	80+
Warhawk 1H	Concho	700 BOE	5.0MM	525+	100+
Copperline 29 2H	Caza	900 BOE	8.0MM	600+	100+
Stratocaster 1H	Endurance	1300 BOE	6.4MM	750+	100+
Stratocaster 4H	Endurance	700 BOE	4.9MM	450+	100+

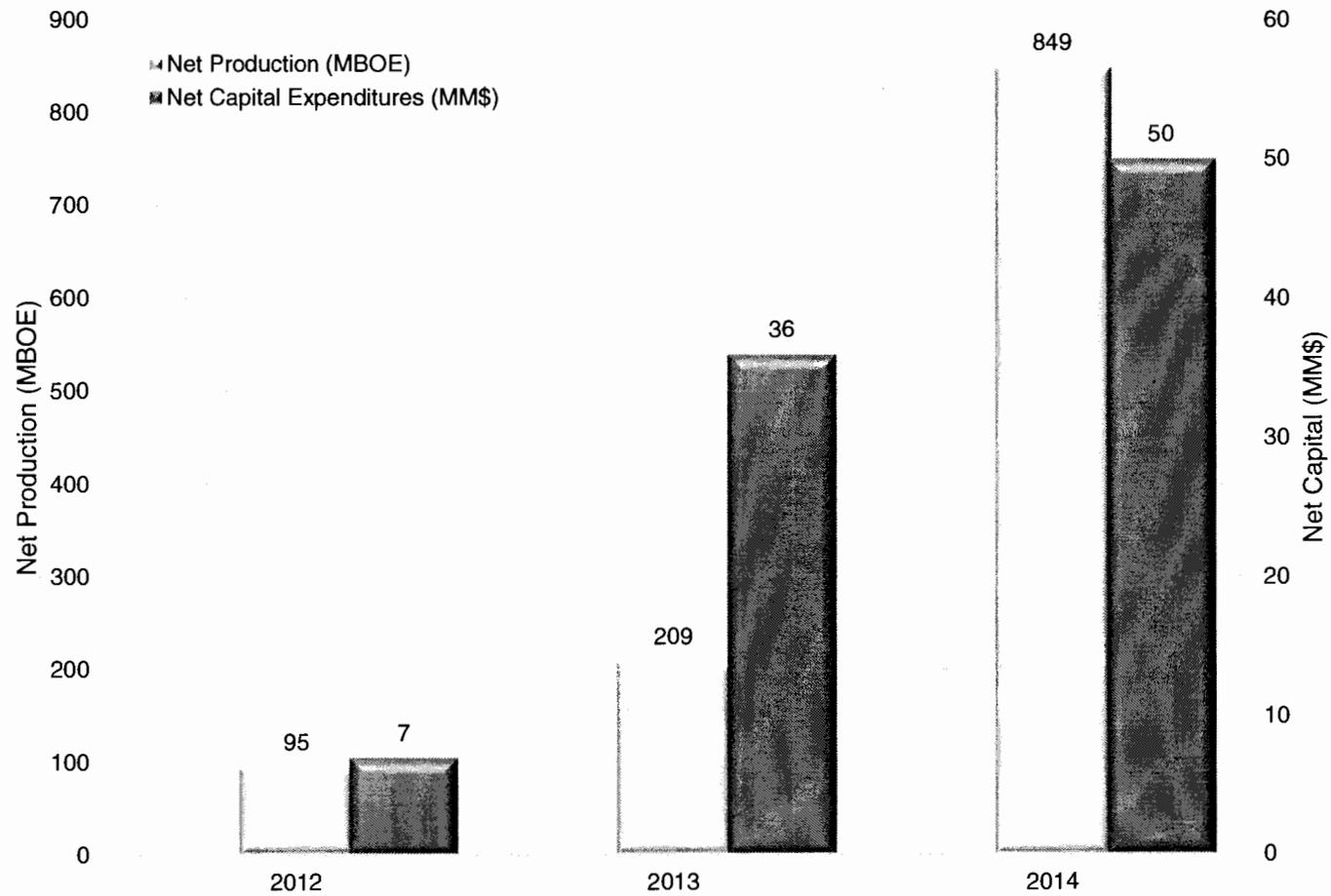
30 Day IP rates from 500 BOE – 1300 BOE

Capital from \$4.2MM - \$8.0MM

EURs from 340 MBOE – 750+ MBOE

IRRs from 40 – 100+

Operated Production Forecast



Operations Philosophy

- 1) Maximize EUR through effective use of technology
 - Lateral Placement to maximize available hydrofrac parameters
 - tight tolerances on lateral target to ensure fracture initiation in clean sand
 - Use of Ceramic proppants to develop conductivity
 - Use of highly efficient perforating shape charges
 - Controlled “slow back” of initial well production

- 2) Maximize IRR through effective use of infrastructure and capital
 - Match timing of capital spend (including leasing costs) to accelerated production.
 - (All electricity, water, disposal in place - prior to Frac).
 - Investments made for long term LOE reductions(SWD facilities)
 - Drilling Best ROR wells early in the schedule

- 3) Concentrate operations in key areas
 - Maximize learning curve
 - Share infrastructure costs such as frac ponds, locations, roads, batteries, electricity and SWD

“We always have time to do it right the first time and to do it safely”

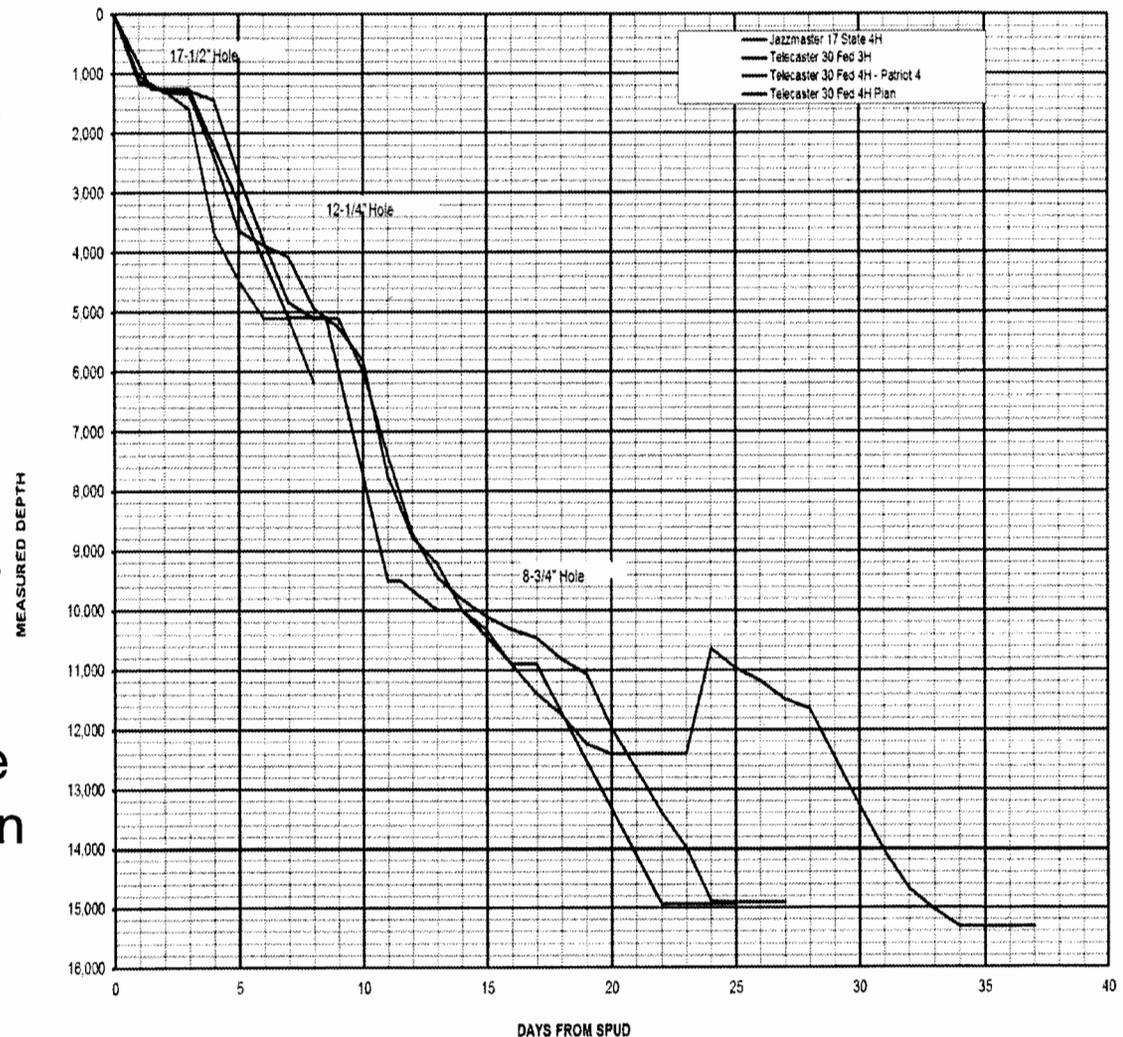
Operational Results

Established learning curve
in area.

Drilling rig under contract
and in area

Operations team has
drilled and completed 90+
Bone Spring Horizontals

Endurance has 0 Lost time
accidents since inception in
2009

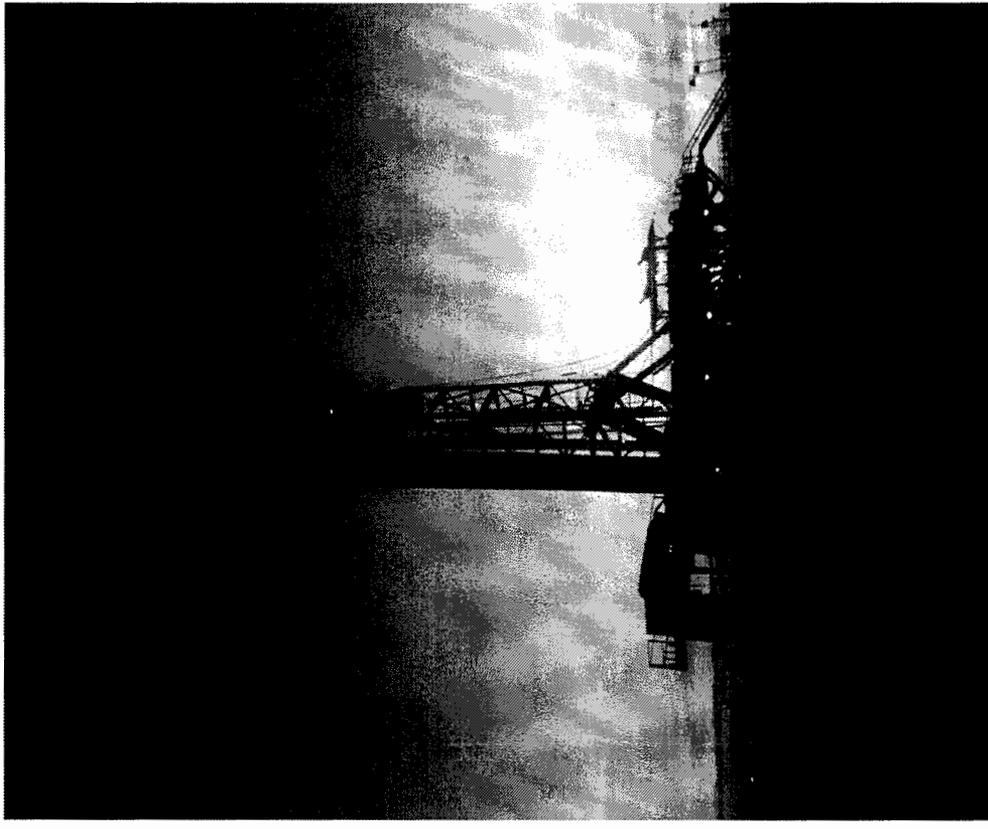


T25S R35E JV opportunity

Trade Highlights

Geology of Jass Bass area

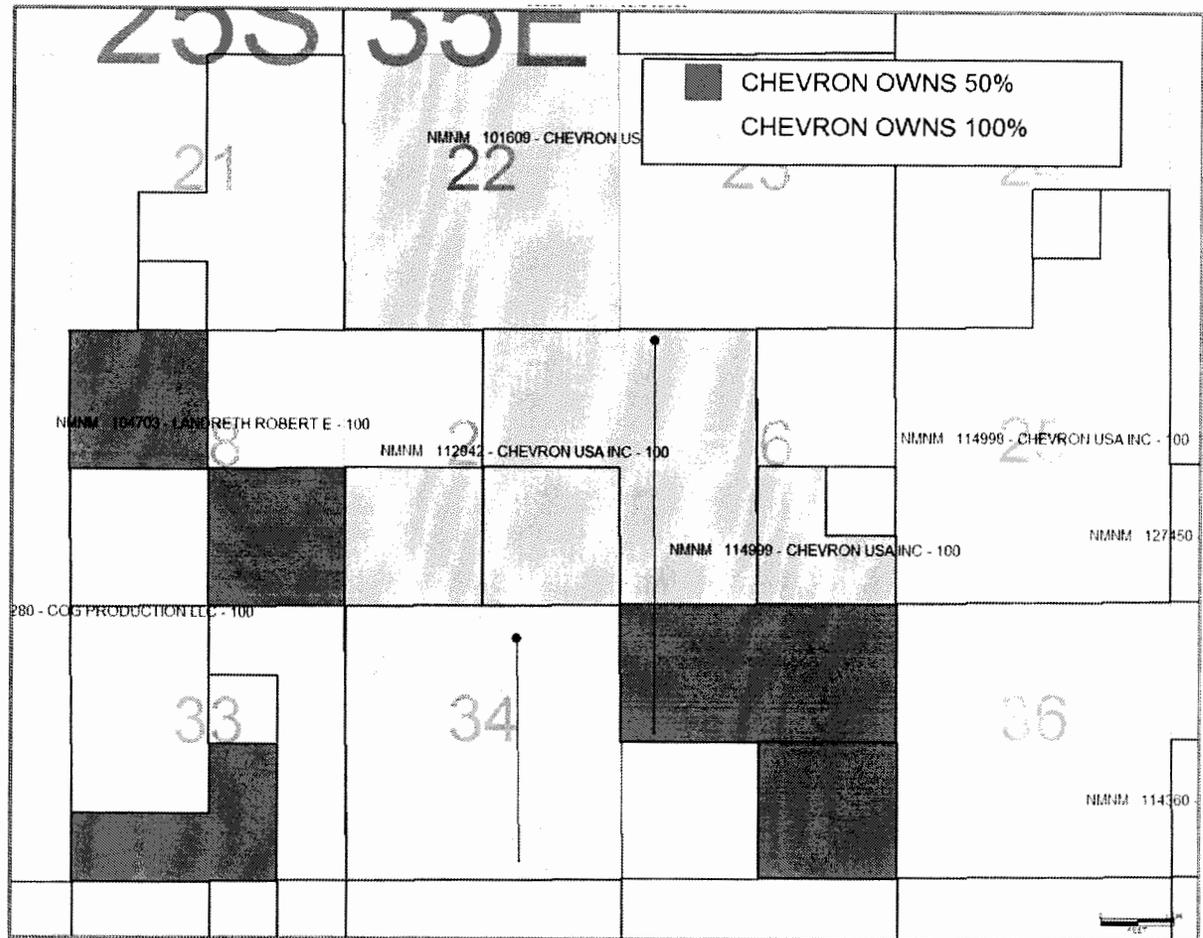
Proposed Operations



Jazz Bass Area Trade

Propose Trade with Chevron:

- 60 Endurance /40 Chevron Across
- Endurance Operated
- Endurance carries Chevron for 40% in first well(re-entry)
- Average Acreage value to Chevron \$2600/nma
- Endurance will drill one 7500 ft new well to HBP all expiring acreage heads up



3rd BSS Porosity/Wolfcamp Structure



Red Hills Lookalike

Endurance acreage is
Centered on the thick

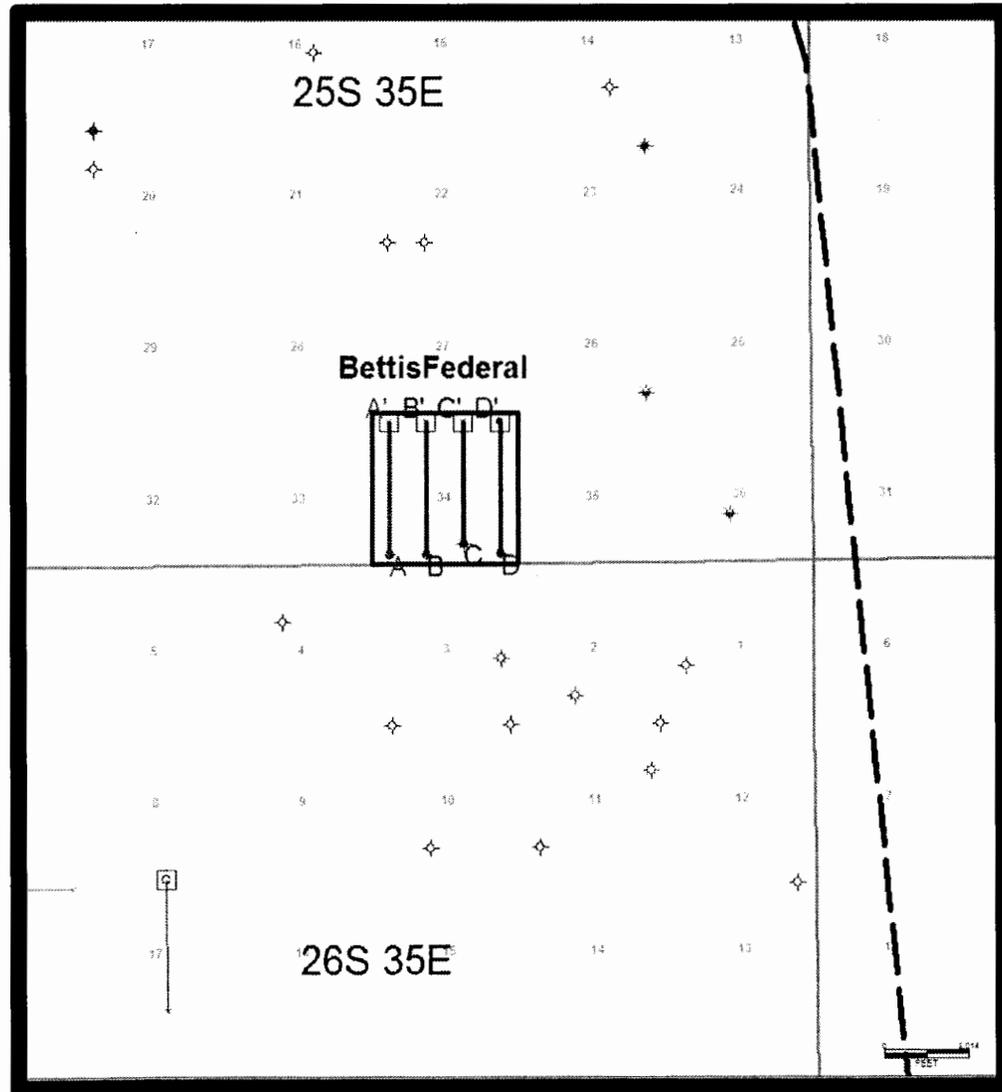
140 ft of 10% x-over
porosity

Jazz Bass Area Overview

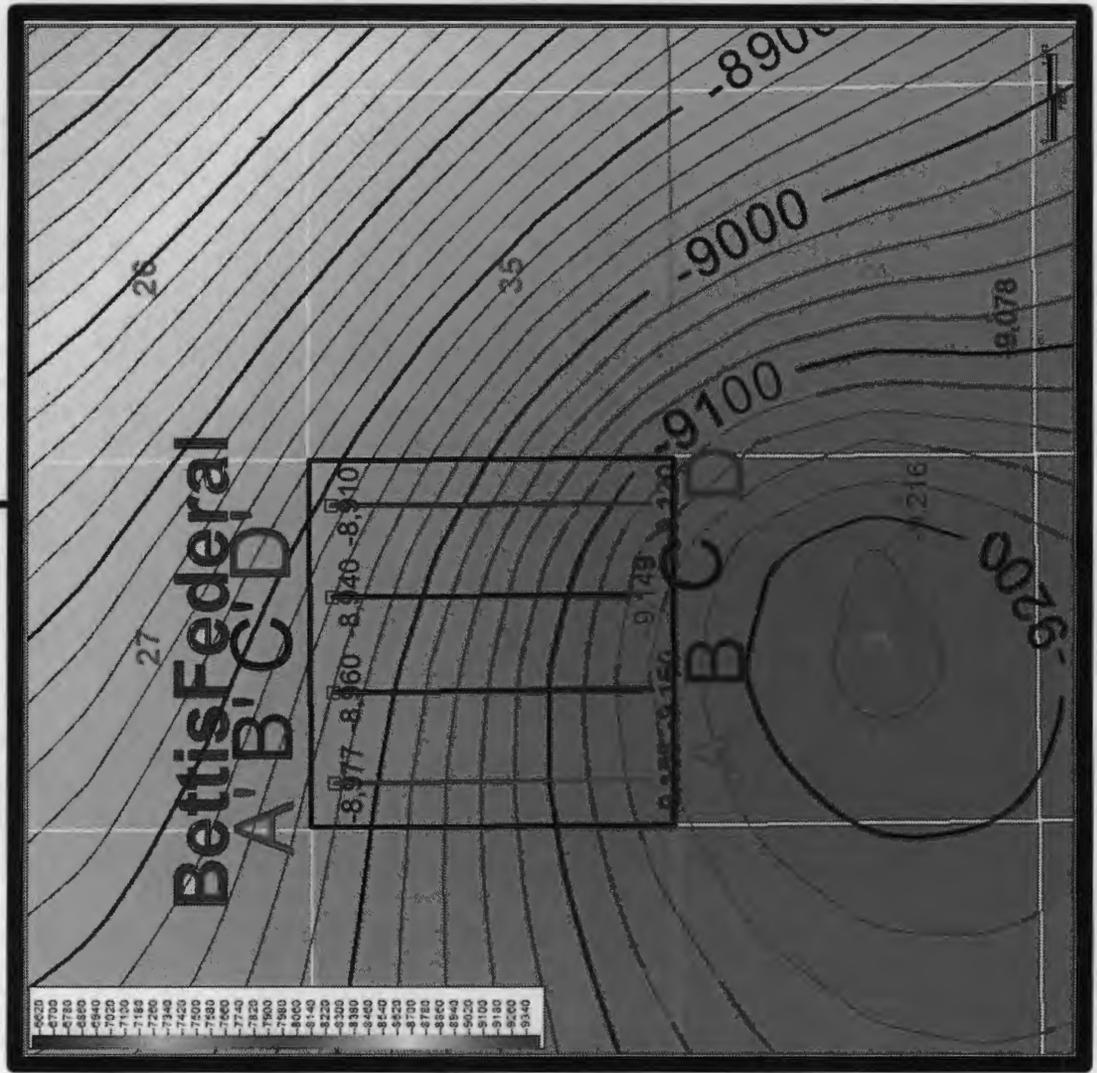
Few well is the area

Ability to de-risk with
Jass Bass 3-H wellbore

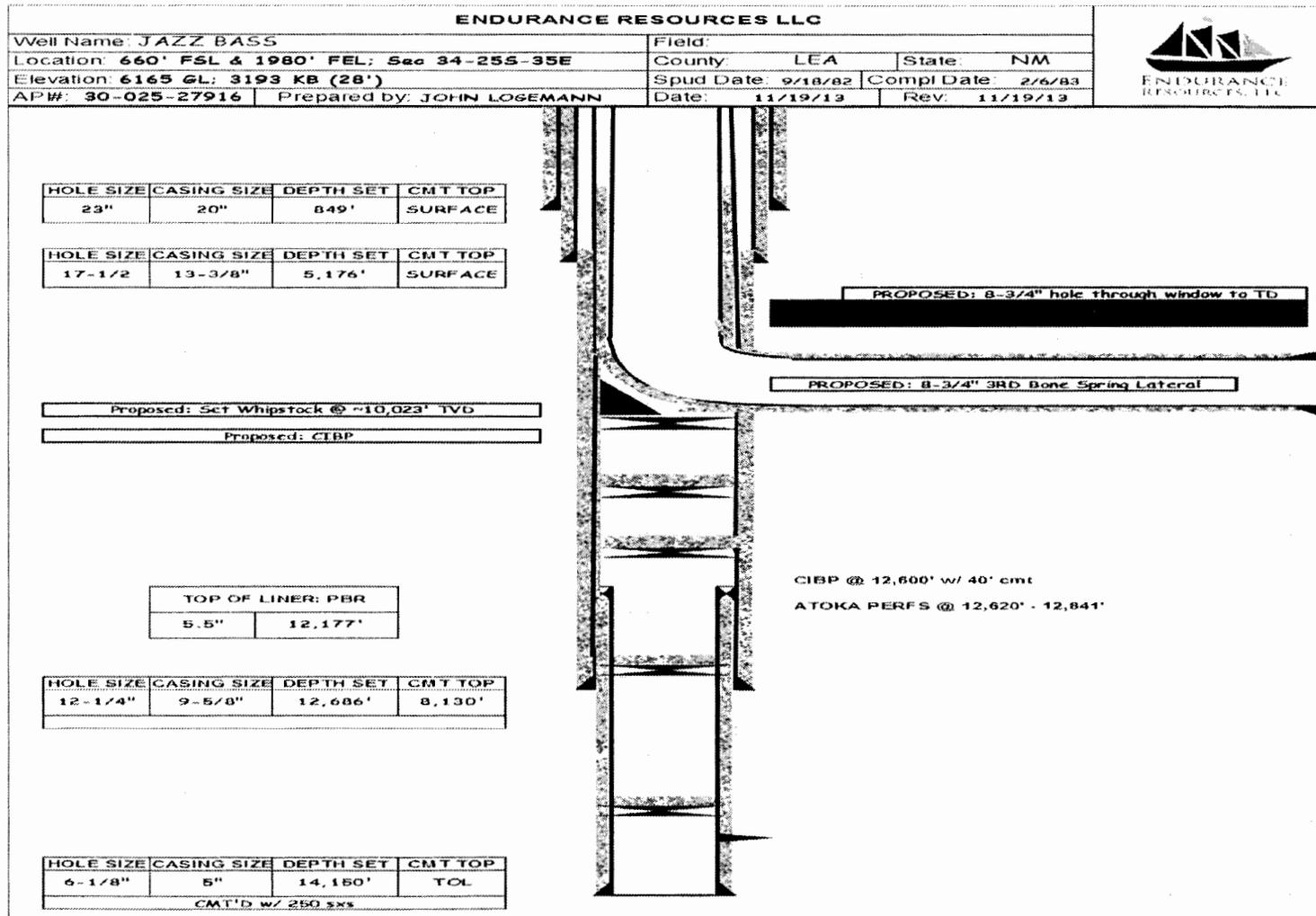
We have fraced 3rd and
Have additional data



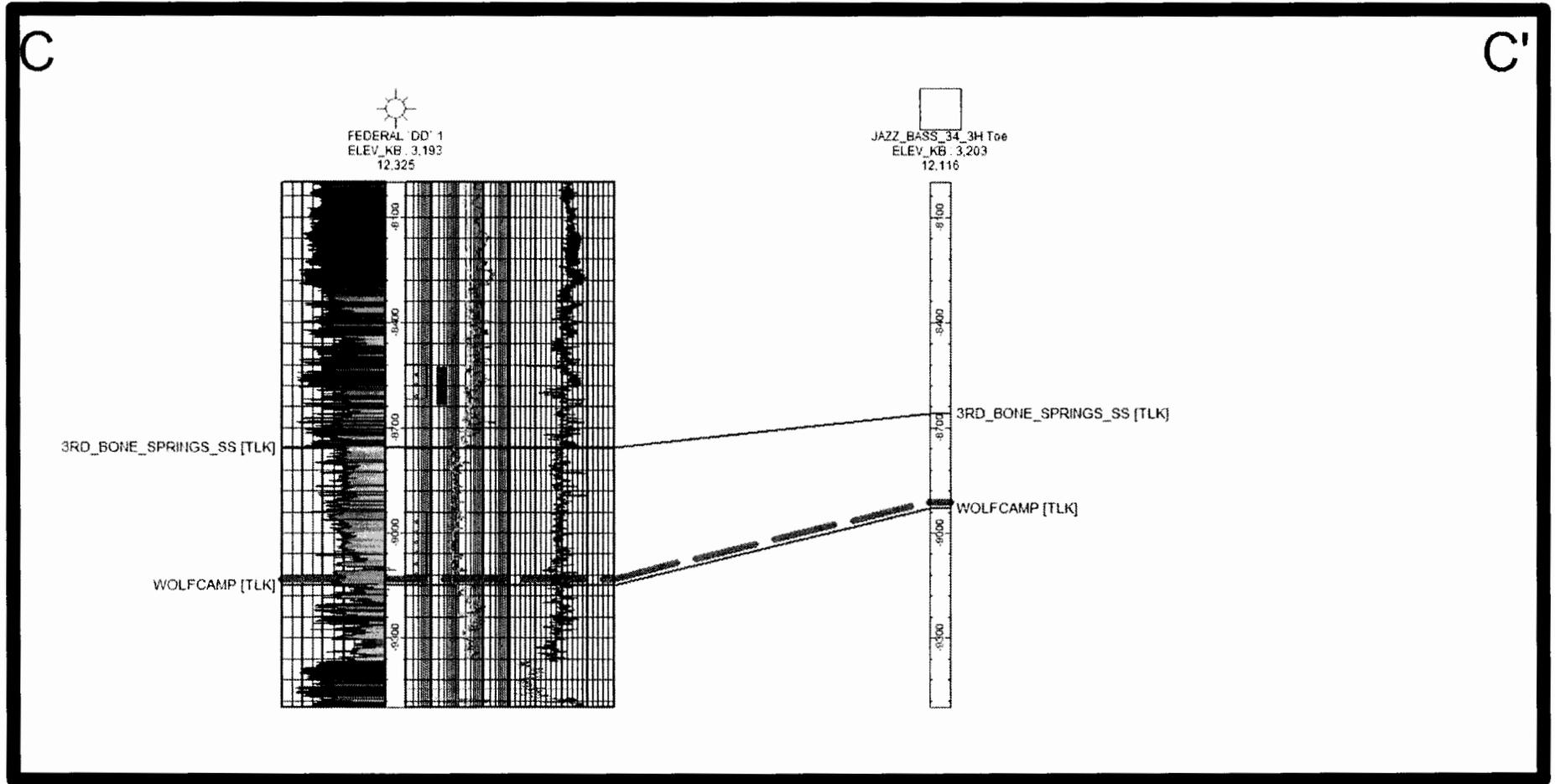
Wolfcamp Contours



Proposed Re-entry



Jazz Bass 34 3H 3rd BSS Target



Bell Lake Area

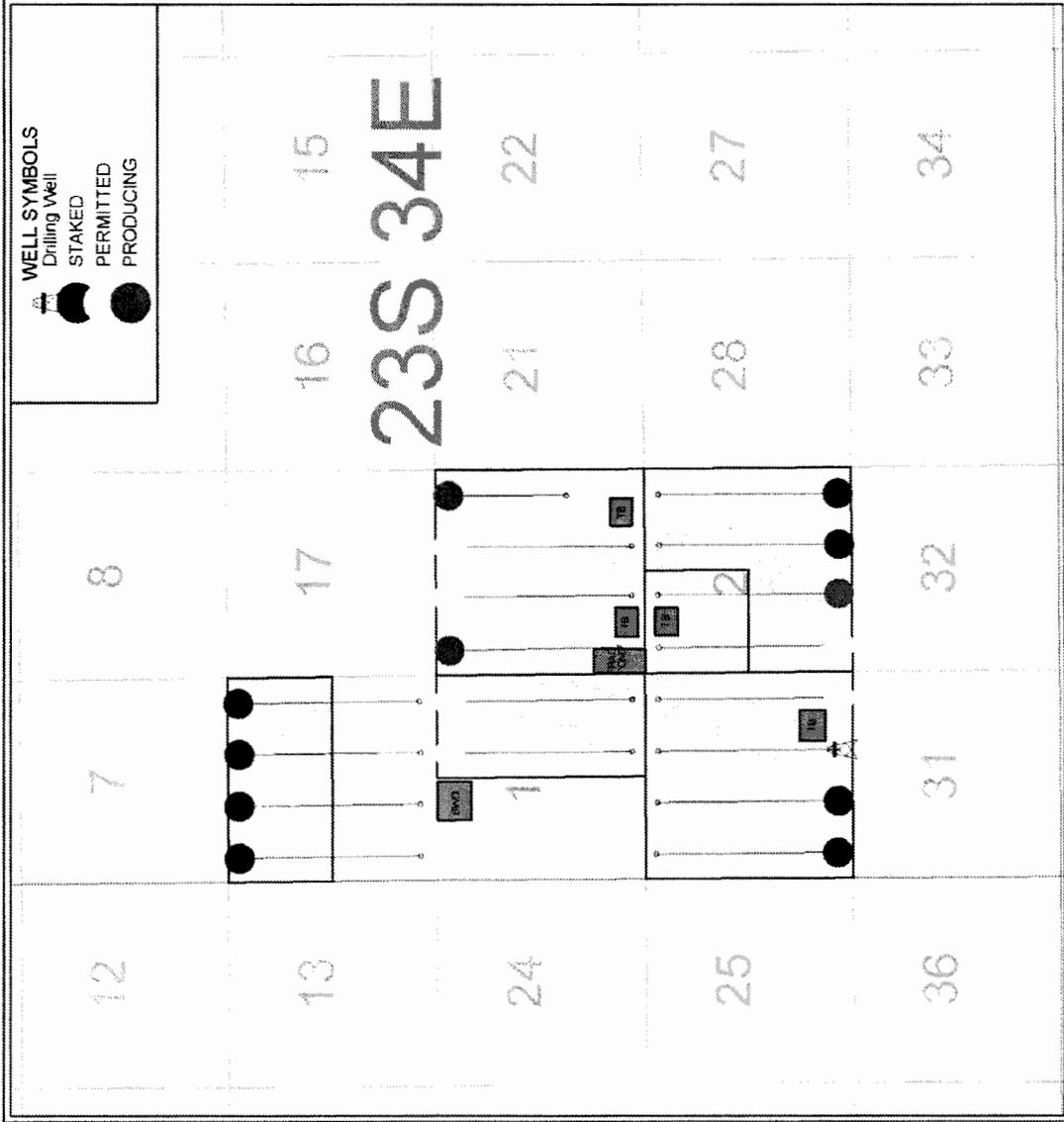
Endurance concentration of operations

Bell Lake Geology

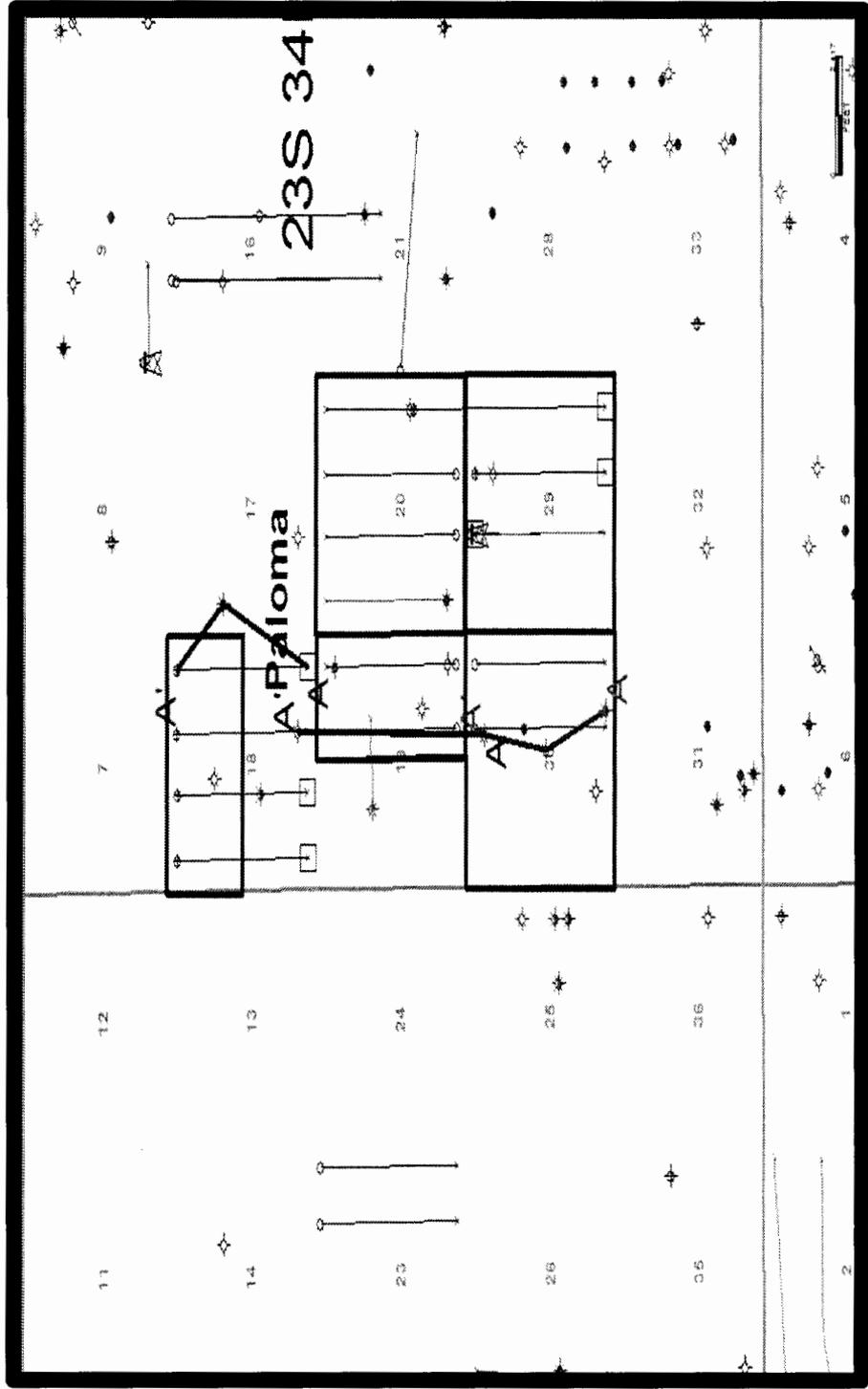
Drilling direction

Tank Battery Discussion

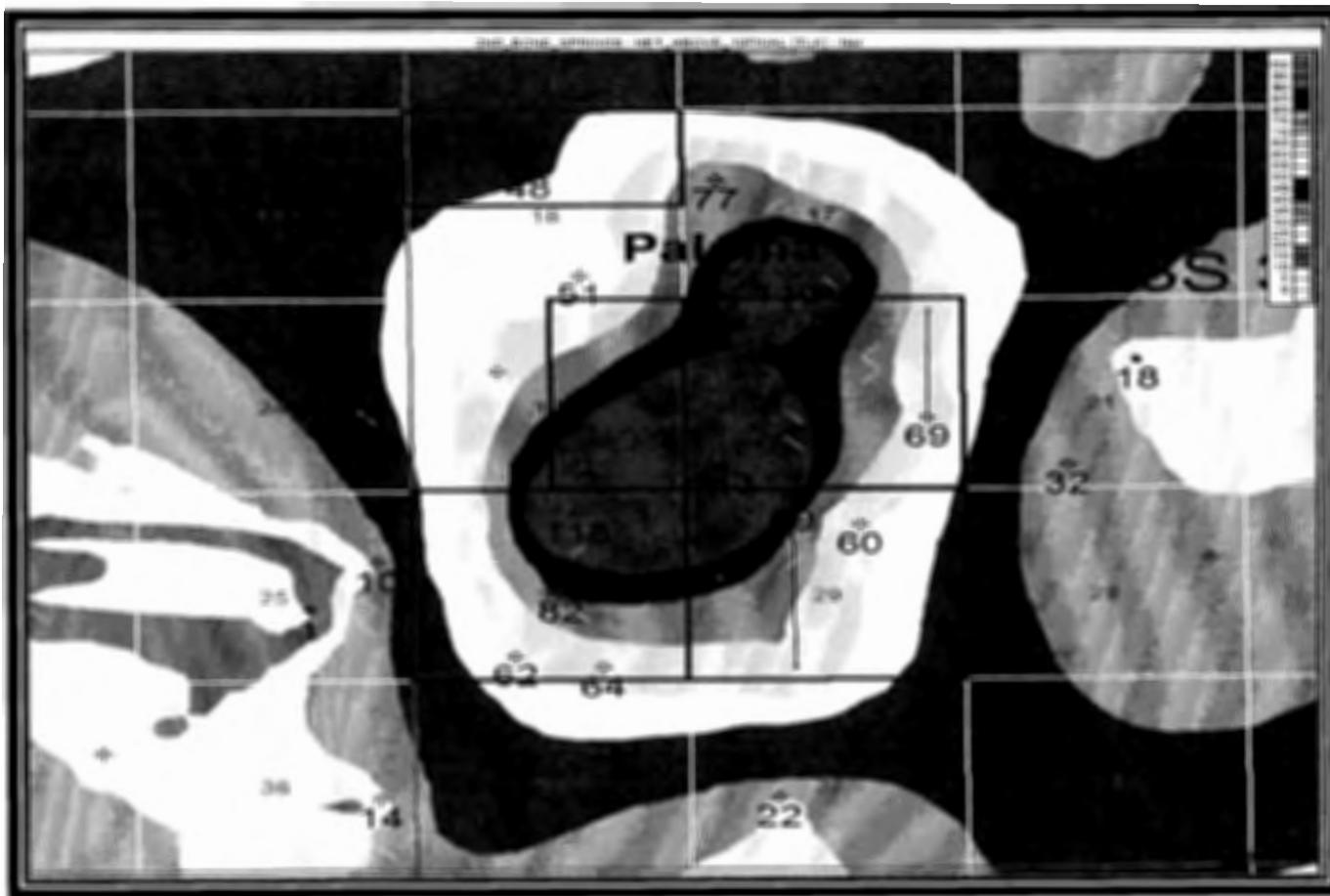
Concentration of Operations



AMI Overview



10% Porosity Map – “Caster” Area

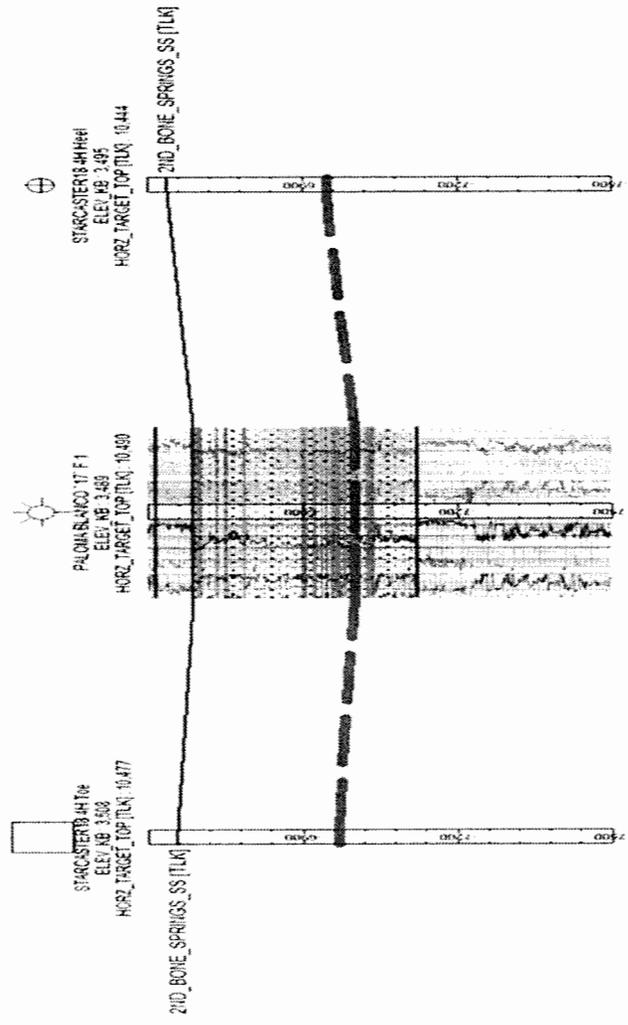


Significant advantage to drilling North- South

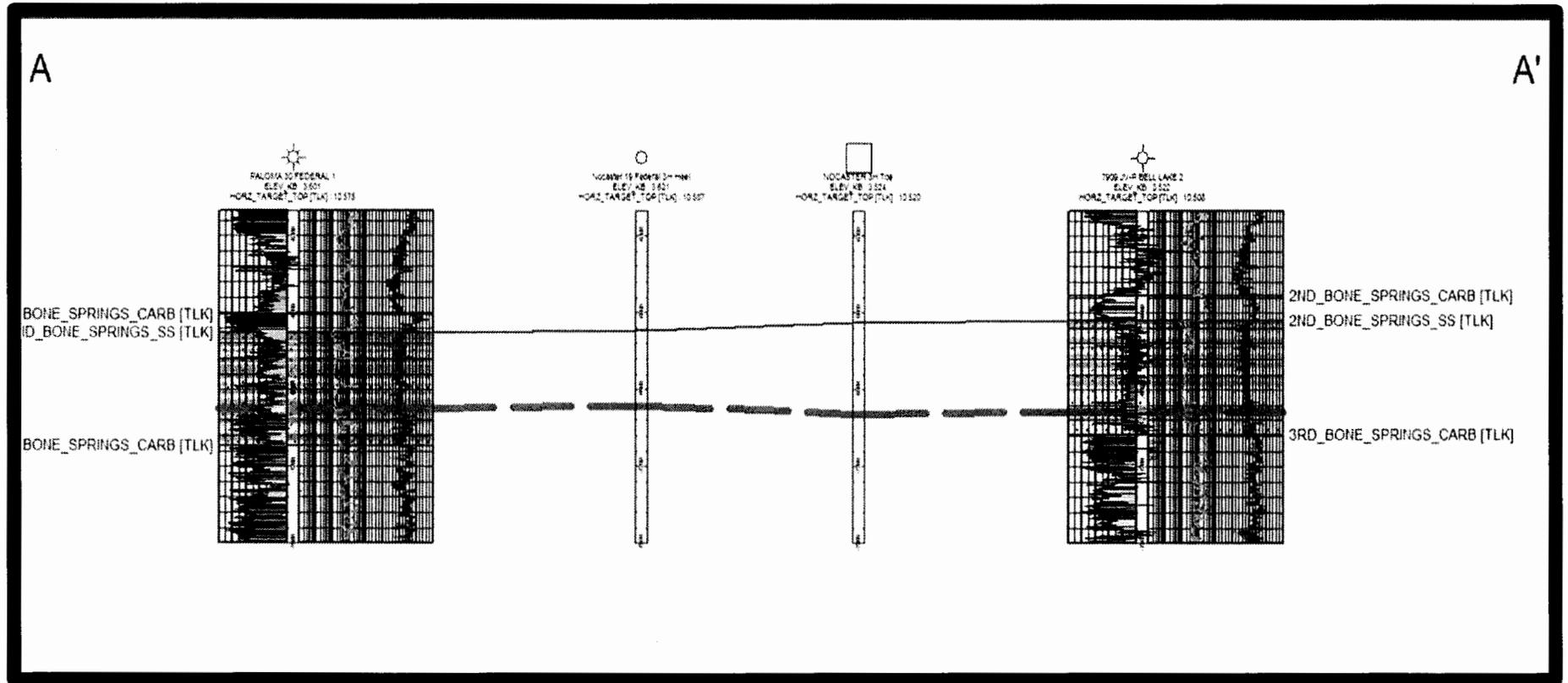
Starcaster 18 Fed 4H Target

A

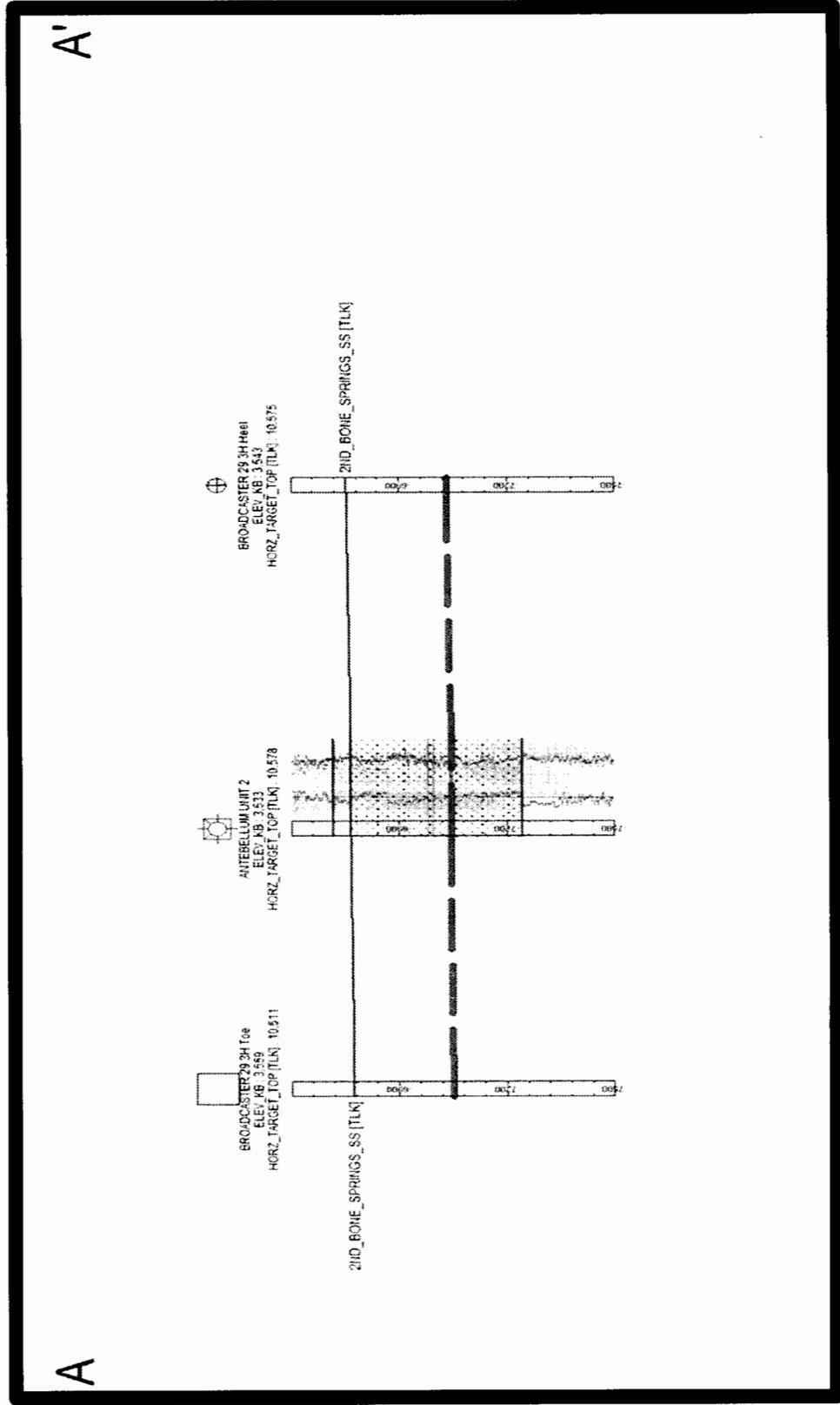
A'



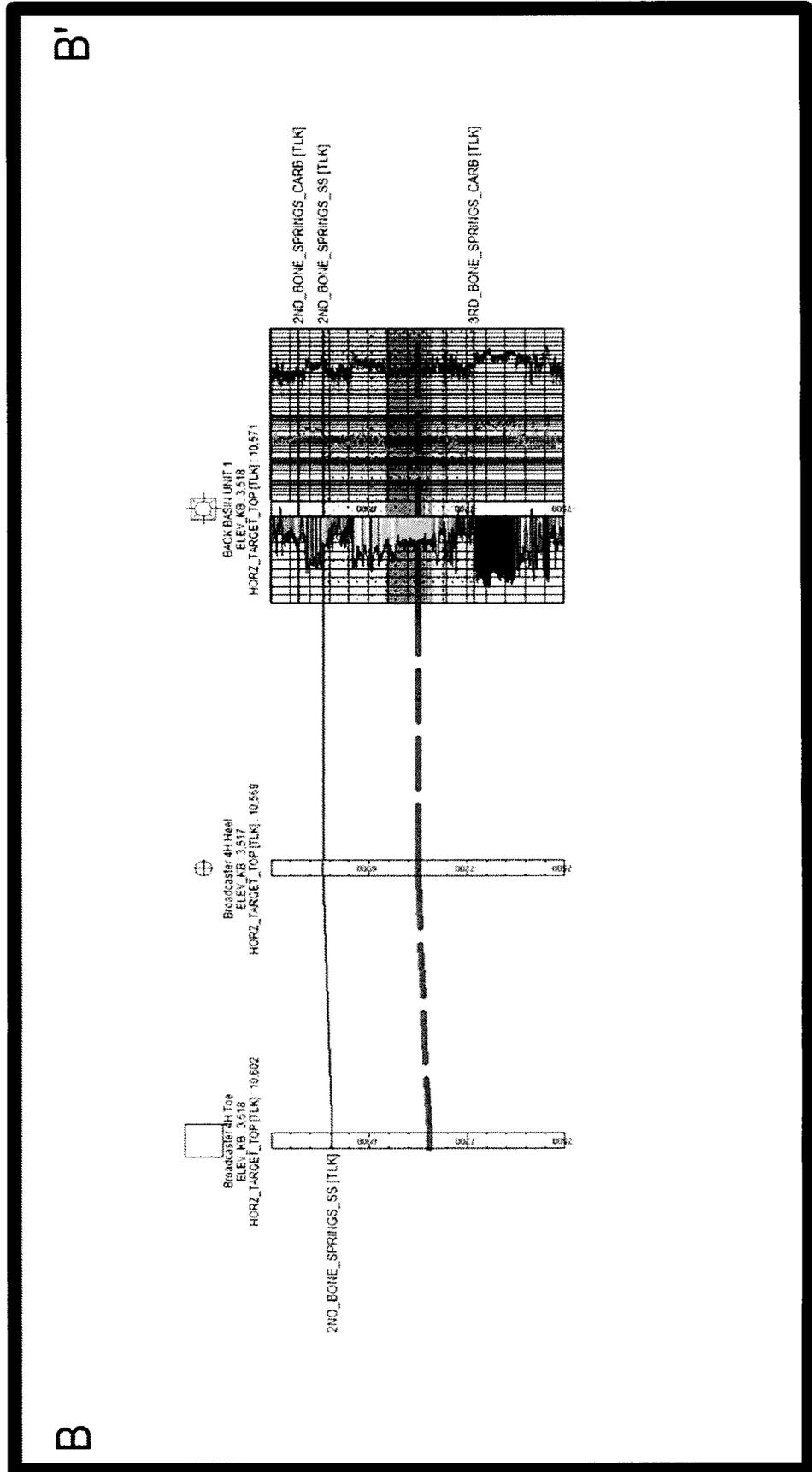
Nocaster 19 Fed 3H Target



Broadcaster 3H Target



Broadcaster 4H Target



Endurance Tank Battery

Two well Battery

4 - 500 Oil tanks

2 - 500 Water tanks

Heater

Separator

Flare

Free water knock out

Vapor Recovery

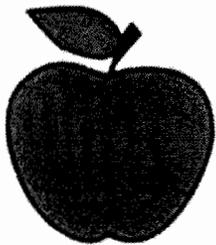
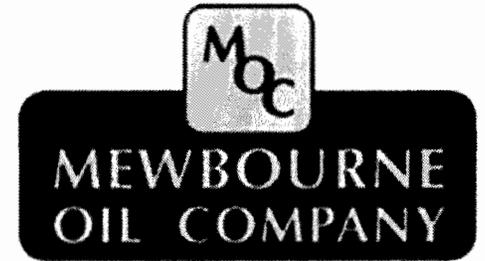
\$650,000 Completely installed



Increase to 6 Oil for full section

Partners/Strategic Suppliers

Endurance Resources current list of Working Interest Partners and Key Suppliers



Manzano, LLC
Oil & Gas Exploration and Production



PATRIOT DRILLING, LLC

Davidson, Florene, EMNRD

From: Schwartz, Kenneth M. <addi@chevron.com>
Sent: Tuesday, December 03, 2013 8:08 AM
To: Don Ritter - AOL
Cc: Jason South
Subject: Re: Followup and Wed/Thursday this week

Don,

Thanks for email. I will be out of the office Wednesday and Thursday, so unfortunately will not be able to meet up. We are reviewing the follow-up documentation. Keep the communication lines open, will get back to you. Thanks again.

Sent from my iPhone

On Dec 3, 2013, at 8:12 AM, "stlritter@aol.com" <stlritter@aol.com> wrote:

Ken,

Was great to meet with you and Jason last week. I believe we have sent the follow up information on the proposed JV and the associated AFE's. I'm going to be in Houston for the Spindletop Ball on Wednesday Eve, and thought I's offer to stop by Wednesday afternoon or Thursday AM if you would like to follow up our discussion in person.

If there is anything else you need from us, please let me know.

thx

Don